

# House File 452 - Introduced

HOUSE FILE 452

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HF 293)

## A BILL FOR

- 1 An Act relating to a tax credit for the promotion of biodiesel
- 2 blended fuel, and including effective date and applicability
- 3 provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.11P, Code 2011, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 1A. For purposes of this section, biodiesel  
4 fuel shall be classified in the same manner as provided in  
5 section 214A.2.

6 Sec. 2. Section 422.11P, subsection 2, paragraph a,  
7 subparagraph (2), Code 2011, is amended by striking the  
8 subparagraph.

9 Sec. 3. Section 422.11P, subsection 2, paragraph b, Code  
10 2011, is amended to read as follows:

11 b. The tax credit shall apply to biodiesel blended fuel  
12 ~~formulated with a minimum percentage of two percent by volume~~  
13 ~~of biodiesel classified as B-10 or higher, if the formulation~~  
14 ~~biodiesel blended fuel meets the standards provided in~~  
15 requirements for that classification as provided in section  
16 214A.2.

17 Sec. 4. Section 422.11P, subsection 3, Code 2011, is amended  
18 to read as follows:

19 3. ~~a. The tax credit shall be calculated separately for~~  
20 ~~each retail motor fuel site operated by the retail dealer.~~

21 ~~b.~~ The amount of the tax credit is three ten cents  
22 multiplied by the total number of gallons of biodiesel blended  
23 fuel sold and dispensed by the retail dealer through all motor  
24 fuel pumps located at a retail motor fuel site operated by the  
25 retail dealer during the retail dealer's tax year.

26 Sec. 5. Section 422.11P, subsection 6, Code 2011, is amended  
27 to read as follows:

28 6. This section is repealed January 1, ~~2012~~ 2015.

29 Sec. 6. Section 422.33, subsection 11C, paragraph c, Code  
30 2011, is amended by striking the paragraph.

31 Sec. 7. Section 422.33, subsection 11C, paragraph d, Code  
32 2011, is amended to read as follows:

33 d. This subsection is repealed on January 1, ~~2012~~ 2015.

34 Sec. 8. EFFECTIVE DATE. This Act takes effect January 1,  
35 2012.

1     Sec. 9.  APPLICABILITY DATE.  The sections of this Act  
2 amending section 422.11P, and section 422.33, subsection 11C,  
3 apply to tax years beginning on or after January 1, 2012.

4     Sec. 10.  TAX CREDIT AVAILABILITY.  Notwithstanding 2006  
5 Iowa Acts, chapter 1142, section 49, the following shall apply:

6     1.  For a retail dealer who may claim a biodiesel blended  
7 fuel tax credit under section 422.11P or 422.33, subsection  
8 11C, as amended in this Act, in calendar year 2012 and whose  
9 tax year ends before December 31, 2012, the retail dealer may  
10 claim the tax credit during the period beginning January 1,  
11 2012, and ending on the last day of the retail dealer's tax  
12 year.

13    2.  For a retail dealer who may claim a biodiesel blended  
14 fuel tax credit under section 422.11P or 422.33, subsection  
15 11C, as amended in this Act, in calendar year 2014 and whose  
16 tax year ends before December 31, 2014, the retail dealer  
17 may continue to claim the tax credit in the retail dealer's  
18 following tax year.  In that case, the tax credit shall be  
19 calculated in the same manner as provided in section 422.11P  
20 or 422.33, subsection 11C, as amended in this Act, for the  
21 remaining period beginning on the first day of the retail  
22 dealer's tax year until December 31, 2014.  For that remaining  
23 period, the tax credit shall be calculated in the same manner  
24 as a retail dealer whose tax year began on the previous January  
25 1 and who is calculating the tax credit on December 31, 2014.

26                                   EXPLANATION

27    GENERAL.  This bill provides tax credits for the promotion  
28 of biodiesel used in the manufacture of motor fuel which  
29 is a blend of diesel fuel and biodiesel (biodiesel blended  
30 fuel).  The tax credit was enacted by the general assembly in  
31 2006 as part of H.F. 2754 and applied retroactively to tax  
32 years beginning on and after January 1, 2006 (2006 Iowa Acts,  
33 ch. 1142).  Biodiesel fuel is designated B-xx where "xx" is  
34 the volume percent of biodiesel (Code section 214A.2).  For  
35 example, all biodiesel blended fuel must be classified as B-1

1 or higher; meaning at least 1 percent of biodiesel blended fuel  
2 by volume must be biodiesel. The provisions of the bill are  
3 administered by the department of revenue.

4 A retail dealer who sells and dispenses diesel fuel from a  
5 motor fuel pump is eligible for a biodiesel blended fuel tax  
6 credit. The tax credit is multiplied by taking a constant rate  
7 of 3 cents multiplied by the number of gallons of B-2 or higher  
8 sold and dispensed. The tax credit is due to expire on January  
9 1, 2012.

10 The bill eliminates an eligibility requirement specifying  
11 that the retail dealer must sell and dispense 50 percent or  
12 more biodiesel blended fuel during the tax year. It increases  
13 the minimum biodiesel classification from B-2 to B-10. It also  
14 eliminates a requirement that the tax credit be calculated  
15 separately for each motor fuel site.

16 House File 2754 allowed a retail dealer whose tax year began  
17 after January 1, 2006, to claim the tax credit for all of 2006,  
18 but eliminated the tax credit on December 31, 2012. Similarly,  
19 the bill allows the noncalendar year taxpayer to claim the tax  
20 credit for all of 2012, but ends the tax credit for all retail  
21 dealers on December 31, 2014.